



U.S. Department of Justice

United States Attorney
 Southern District of New York

The Silvio J. Mollo Building
 One Saint Andrew's Plaza
 New York, New York 10007

June 28, 2022

BY EMAIL

The Honorable Stewart D. Aaron
 United States District Judge
 United States Courthouse
 500 Pearl Street
 New York, N.Y. 10007

Re: ***United States of America v. Jatiek Smith et al, 22 Cr. 352 (JSR)***

Dear Judge Aaron:

Judge Rakoff has referred the presentments, arraignments and bail determinations of eight defendants arrested in this case to Magistrate Court. In advance of these proceedings, the Government submits this letter to provide a summary of the charges and information relevant to the defendants' detention or release.

Indictment 22 Cr. 352 charges nine defendants in two counts.¹ Count One charges the defendants for participating in a racketeering conspiracy, and Count Two charges those defendants with extortion conspiracy. As set forth in more detail below, these charges stem from the defendants' participation in a racketeering enterprise that, with violence and threats of violence, has dominated the fire restoration industry (the "Enterprise").

Today's arrests are the culmination of a longtime investigation into the fire restoration industry. The evidence is extensive and includes, among other things, Title III intercepts, social media and phone warrants, interviews of numerous victims and industry participants, and the review of financial records of the relevant defendants and corporate entities. Collectively, the evidence overwhelmingly establishes that the defendants seized control of a particular company, First Response Cleaning Corp. and then, through regular and public displays of violence and threatened violence, seized control over the broader fire restoration industry. Through their participation in that Enterprise, the defendants—many of whom are members of the Bloods gang—have used that control to extort their competitors, defraud insurance companies, and try to obstruct the investigation of their misconduct and intimidate potential witnesses.

The sections below provide a background of the fire restoration industry; an overview of the racketeering and extortion conspiracies; and a summary of each defendant's role in the Enterprise's crimes.

¹ Defendant JATIEK SMITH was arrested this morning in the District of Puerto Rico.

The Fire Restoration Industry

When properties suffer fire damage, property owners often hire an emergency mitigation service company, or “EMS” company, to clean up the damaged property, which includes sweeping up, removing debris, and ventilating the property.

Adjusters are another component of the fire restoration industry. Property owners typically rely upon adjusters to investigate, process, and submit the insurance claims to their insurer. A public adjuster acts on behalf of the property owner in negotiating the settlement of a claim for loss or damage with the insurance company (as distinguished from an “independent adjuster,” who is hired by an insurance company to assess and submit a claim). A public adjuster is paid by the property owner with a percentage of the settlement paid out by the insurer on the insurance claim, and is an independent contractor licensed by the state.

EMS companies compete to sign projects (often referred to within the industry as “losses”) by approaching a property owner directly. One way EMS companies compete for work is by arriving on the scene of a fire soon after it has occurred, sometimes called “chasing a fire.” If a property owner hires a particular EMS company, the EMS company will often make a referral for a particular public adjuster to process the associated insurance claim. Public adjusters similarly compete to sign projects by approaching the property owner, and, in turn, make referrals to the property owner for EMS companies. Based upon state licensing requirements, public adjusters cannot solicit work from property owners overnight. EMS companies can solicit work from property owners at any time, including after business hours and overnight.

The First Response Enterprise

First Response is one of many EMS companies in the New York City area. After joining First Response in approximately October 2019, defendant JATIEK SMITH, a/k/a “Tiek,” moved to marginalize its nominal owners. SMITH, with the support of other members of the Enterprise, effectively assumed control over First Response’s business, its hires, its ongoing activities, and its finances. Defendant Sequan JACKSON, a/k/a “Supa,” has functioned as SMITH’s lieutenant. SMITH and JACKSON in turn rely on various subordinates who answer to them, including ANTHONY MCGEE, KAHEEN SMALL, DAMON DORE, HASIM SMITH (“HASIM”), RAHMIEK LACEWELL, and MANUEL PEREIRA. In addition, OCTAVIO PERALTA acts as the designated public adjuster for the Enterprise.

The defendants—several of whom are affiliated with the violent Bloods street gang—have used violence, threats of violence, and intimidation to terrorize the industry. They have committed numerous assaults against other industry participants, including against employees of competitor EMS companies and against public adjusters. They have threatened numerous others, and these threats have been explicit. Members of the Enterprise have threatened to kill victims or their family members. This intimidatory tactics are backed by numerous acts of actual violence, during which members of the Enterprise have hit, kicked, or punched victims. In some instances, the Enterprise recorded its assaults on video and then circulated those videos among participants of the industry.

This violence carried out against innocent members of the fire mitigation industry has left the industry in terror. Even a small sample of First Response's violence shows why industry members felt they had no choice but to submit. For example:

- On May 5, 2020, at approximately 6:30 in the morning, a group of First Response members ran up to the owner of a rival EMS company as the owner was walking to the company's storage facility. The First Response members punched the man so hard he fell to the ground. That competitor refused to pay First Response's extortion payments and is no longer in business.
- On the morning of September 15, 2020, a public adjuster was signing a loss with a homeowner when someone from First Response walked up and punched him so hard that he suffered a brain bleed and had to stay overnight in the hospital. As the assailant walked away, he yelled, "Pay my fucking money."
- On November 13, 2020, at approximately 12:45 p.m., a public adjuster was signing a loss when a First Response worker came up and told him that "Tiek" wanted to speak to him. On the phone, Tiek—i.e., JATIEK SMITH—told the public adjuster to give the loss to the EMS company that was next in the rotation. When the public adjuster refused, someone ran up and punched him in the head so hard that he fell and hit a cement pillar. The victim was still recovering from open-heart surgery at the time of the assault and he suffered physically for two-to-three months after the attack. Defendant PEREIRA sent SMITH a video of the assault immediately afterward, and the video has spread as a warning throughout the industry.
- In the spring of 2021, a large group from First Response—including SMITH, DORE, and SMALL—assaulted an employee of a rival EMS company because that company signed more losses than they were allowed under the rotation. The group from First Response circled around the employee and beat him. Altogether they punched him at least 15 times. Witnesses at the scene saw at least one First Response member with a gun, and SMITH said to people at the scene, "I got 13-year old kids out here looking to make a name for themselves, I'll give them a gun, they can kill you or your family."

As a result of this violence, the Enterprise has imposed rules on industry participants who fear violent reprisals if they disobey. These rules have transformed the fire restoration industry, such that the Enterprise now controls who can seek or sign any job. To obtain work in the Enterprise's regime, the Enterprise first requires extortionate payments from victim EMS companies and public adjusters. In other words, EMS companies must pay First Response in order to receive any jobs. A victim's failure to pay results in threats of violence, actual violence, and the inability to participate in the industry. These demands for payment have only increased over time, with the Enterprise demanding weekly payments that have been crippling for its victims.

Under the rules that the Enterprise has imposed on the industry, First Response takes a particular number of fires for itself before allowing jobs to go to any other EMS company. Only First Response can solicit (or "chase") fires at night, and any fire job that occurred at night first

belongs to First Response. After the first few fires in a month, First Response administers a “rotation system,” whereby it rotates jobs between the EMS companies that the Enterprise has extorted. Any EMS company, before signing a job, must obtain sign-off from SMITH or one of his designated subordinates.

In addition, the Enterprise has committed fraud against the insurance companies which are intertwined with the fire restoration industry. As background, both EMS companies and public adjusters often are paid out of the insurance company’s settlement to an individual property owner. Illegal occupancy or illegal conditions within a dwelling can affect the viability of a property owner’s insurance claim. In order to ensure that illegal conditions do not impede the insurance claim, members of the Enterprise have sought to conceal and alter the circumstances of fire-damaged properties in order to falsify insurance claims and ensure reimbursement from insurance companies. The Enterprise has undertaken such fraudulent activity in order to maximize its unlawful proceeds.

Finally, the Enterprise has engaged in obstruction of justice and witness tampering to protect itself and thwart law enforcement’s efforts to hold it accountable. In approximately November 2021, the Enterprise learned that law enforcement was investigating its activities. Members of the Enterprise then took active steps to impede and obstruct that investigation. Those steps have included threats of violence and retaliation against potential witnesses in a blatant attempt to deter witnesses from cooperating with law enforcement.

The Defendants

Each defendant that will be presented and arraigned today is charged in both counts of the Indictment. Each count carries a statutory maximum of 20 years’ imprisonment, for a combined statutory maximum of 40 years’ imprisonment. In the sections below, we provide a high-level overview of each defendant’s role in the charged conspiracies.

A. JATIEK SMITH, a/k/a “Tiek”

SMITH is the leader of First Response and a self-professed member of the Bloods gang. Through violence and intimidation, SMITH usurped control of First Response from its nominal owners. SMITH commands the primary role in the Enterprise in intimidating victims, demanding extortionate payments from victims, and, on several occasions, personally directing other to exact violence on behalf of the Enterprise. SMITH has also engaged in acts of witness tampering and obstruction of justice in connection with this investigation.

As noted above, SMITH was arrested this morning in the District of Puerto Rico.

B. SEQUAN JACKSON, a/k/a “Supa”

JACKSON, also a member of the Bloods, serves a SMITH’s lieutenant. JACKSON is responsible for implementing the rotation system described above. On multiple occasions, JACKSON has threatened violence—or directed other First Response members to threaten or engage in violence—in order to impose the Enterprise’s rules on the industry. Furthermore,

JACKSON promotes the Enterprise's objectives through attempts to fraudulently obtain insurance payments for losses that might otherwise be excluded from insurance coverage.

C. ANTHONY MCGEE, a/k/a "Touch"

MCGEE, a self-professed Bloods member, is one of the Enterprise's enforcers who takes direction from SMITH and JACKSON. For example, when industry participants push back on the Enterprise's imposition of rules, MCGEE demands that they accede to them.

D. KAHEEN SMALL, a/k/a "Bizz"

Like MCGEE, SMALL is an enforcer for the Enterprise. Taking direction from SMITH and JACKSON, SMALL has participated in violent assaults of public adjusters and EMS rivals.

E. DAMON DORE, a/k/ "Demo"

DORE is a member of the Enterprise. He is responsible for implementing Enterprise's rotation system. Furthermore, he has been present at, or involved in, violent assaults.

F. HASIM SMITH, a/k/a "Hoodie"

HASIM SMITH is an employee of First Response and a self-professed Bloods member. He joined First Response after serving approximately four years in jail for a 2016 manslaughter conviction. He manages the activities of the Enterprise's overnight chasers and helps to administer the rotation system. Furthermore, he was present at least one of the Enterprise's assaults.

G. RAHMIEK LACEWELL, a/k/a "Ready"

LACEWELL is an employee of First Response and a self-professed Bloods member. In addition to being present at least one assault, LACEWELL is involved in the Enterprise's extortion of victim EMS companies

H. MANNY PEREIRA, a/k/a "Manny"

PEREIRA is an employee of is an employee of First Response. He has been present at or participated in assaults and assists the Enterprise in enforcing the rotation system. In addition, he assists the Enterprise in submitting fraudulent insurance claims.

I. OCTAVIO PERALTA

PERALTA is a public adjuster who operates as the Enterprise's corrupt public adjuster. In addition to being aware of the Enterprise's use of violence and intimidation—from which he benefits financially—PERALTA uses his industry expertise to engage in fraud. For example, he advises the Enterprise how to hide from insurance carriers certain problems that could render a property uninsurable.

CONCLUSION

Over the course of the charged conspiracies, the Enterprise has terrorized the fire restoration industry through its violence, intimidation, and demands for extortionate payments. Each of the defendants poses a substantial risk of flight and danger to the community. The Government provides this background information to assist the Court in determining whether there are any conditions will reasonably assure the appearance of the defendants and the safety of the community. The Government will make individualized detention or bail recommendations for each defendant after reviewing information contained in the pretrial reports and assessing information from this morning's arrests. Furthermore, the Government expects to make additional arguments at any detention hearing, including with respect to the defendants' criminal histories.

Respectfully submitted,

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